

# Utilities

## MISSION STATEMENT

The goals of the County Government relating to utility consumption are to:

- achieve energy savings by the elimination of wasteful or inefficient operation of building systems;
- continue improvements in energy efficiency in all County operations; and
- obtain required energy fuels at the most favorable cost to the County.

## HIGHLIGHTS

This budget funds the utility costs for 185 (General Fund) facilities with approximately 3,799,884 total square feet, and over 63,489 streetlights and 747 traffic controlled signalized intersections.

## BUDGET OVERVIEW

The FY08 recommended budget for the tax supported Utilities non-departmental account (NDA) is \$24,410,750, an increase of \$769,880 or 3.3 percent from the FY07 approved budget of \$23,640,870. Allocation of these utilities expenditures is as follows: electricity, 86.4 percent; natural gas, 8.9 percent; water and sewer, 4.1 percent; and fuel oil 0.6 percent. The total increase is due to unit rate cost increases, and from new or annualized facilities, streetlights, or traffic signals.

The FY08 recommended budget includes County government utilities expenditures for both tax and non-tax supported operations. Tax supported utilities expenditures related to the General Fund departments are budgeted in the Utilities NDA, while utilities expenditures related to special fund departments are budgeted in those funds. Some of these special funds, such as Recreation and portions of the Department of Public Works and Transportation, are tax supported. Other special funds, such as Solid Waste, are not supported by taxes, but through user fees or charges for services.

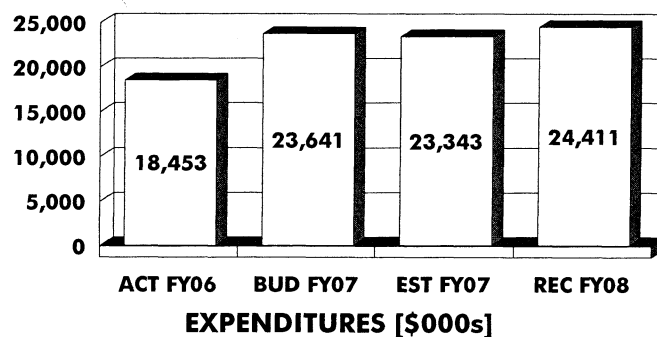
Utilities expenditures are also found in the budgets of other County agencies: Montgomery County Public Schools (MCPS), Montgomery College, the Washington Suburban Sanitary Commission (WSSC), and the Maryland-National Capital Park and Planning Commission (M-NCPPC). The total budget request for these "outside" agencies is \$72,151,550 which includes the entire bi-county area of WSSC.

The FY08 recommended tax supported budget for Utilities Management, including both the General Fund NDA (\$24,410,750) and the other tax supported funds (\$2,207,920), is \$26,618,670, an increase of \$768,830 or approximately 3.0 percent from the FY07 approved utilities budget.

## Program Summary

	Expenditures	WYs
Utilities (for All General Fund Departments)	24,410,750	0.0
<b>Totals</b>	<b>24,410,750</b>	<b>0.0</b>

## Trends



The FY08 recommended budget for non-tax supported utilities expenditures is \$4,672,590, an increase of \$55,430 or 1.2 percent from the FY07 approved budget. In both the tax and non-tax supported funds, increased utilities expenditures result primarily from higher commodity unit costs due to market price fluctuations; greater consumption due to new facilities or services; and in some cases, a more precise alignment of budgeted costs with actual prior-year expenditures by utility type. Energy conservation and cost-saving measures (e.g., new building design, lighting technology, energy and HVAC management systems) help offset increased utility consumption or unit costs.

The Executive is recommending no change to the County's Energy Tax rate structure this fiscal year. The County's Interagency Committee on Energy and Utility Management (ICEUM) is currently projecting a cost increase potential for Electricity (0.93%), Fuel Oil (0.48%), Natural Gas (-7.65%), and Water and Sewer (20.0%). These projections reflect market concern about current world events on the commodities futures markets. According to ICEUM, Motor Fuels, consisting of Unleaded Gasoline, Diesel, and Compressed Natural Gas, are also expected to fluctuate upward based on current market trends. These fuels are purchased from various providers, and are budgeted in the DPWT Division of Fleet Management Services; not the General Fund Utilities NDA. ICEUM also monitors changes in energy costs in the current year and will recommend appropriate changes, if necessary, prior to final Council approval of the FY08 budget.

The following is a description of utility service requirements for departments which receive tax or non-tax supported appropriations for utilities expenditures. The utilities expenditures for the non-tax supported operations are appropriated within their respective operating funds but are described in the combined utilities presentation for reader convenience.

## **TAX SUPPORTED**

### **Transportation**

#### **Division of Operations: Facilities Maintenance and Operations**

The DPWT Facilities Maintenance and Operations section is responsible for managing all utilities for general County operations including all County office buildings, police stations, libraries, health and human services facilities, correctional facilities, maintenance buildings, and warehouses.

#### **Division of Operations: Traffic Engineering and Operations**

The DPWT Traffic Engineering and Operations section manages all County streetlights, traffic signals, traffic count stations, and flashing school signs. The utilities expenditures for these devices are budgeted here as this section designs, installs, controls, and maintains them. In addition, minimal utility costs for the Operations Center and Highway Maintenance Depots are

budgeted in the Traffic Engineering component of the General Fund non-departmental account.

### **Division of Transit Services**

The DPWT Division of Transit Services Mass Transit Facilities Fund supports all utilities associated with the Ride On transit centers and Park and Ride Lots.

### **Recreation**

The Department of Recreation funds all utility costs for its recreational facilities located throughout the County, such as swimming pools, community recreation centers, and senior citizen centers.

### **Urban Districts**

Urban District utilities are supported by Urban District Funds, which are included in the operating budget for Regional Services Centers.

## **NON-TAX SUPPORTED**

### **Fleet Management Services**

The DPWT Division of Fleet Management Services utility expenditures are displayed in the Special Fund Agencies - Non-Tax Supported section, to reflect that Fleet Management Services expenditures are not appropriated directly but in the budgets of other departments.

The DPWT Division of Fleet Management Motor Pool Internal Service Fund supports all utilities associated with the vehicle maintenance garages in Rockville, Silver Spring, and Gaithersburg. Fuel for the County's fleet is also budgeted in that special fund, but these costs are not included in the utilities expenditures displayed in this section.

### **Parking Districts**

The Parking Districts fund utility expenditures associated with the operation of all County-owned parking garages and parking lots.

### **Liquor Control**

The Department of Liquor Control funds utility expenditures associated with the operation of the liquor warehouse, administrative offices, and the County-owned and contractor-operated retail liquor stores.

### **Solid Waste Services**

Solid Waste Services funds utility expenditures associated with the operation of the County's Solid Waste Management System. Utilities expenditures associated with the operation of the Oaks Sanitary Landfill maintenance building, the County's Recycling Center, the Resource Recovery Facility, and most of the Solid Waste Transfer Station are currently the responsibility of the

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operators. Only the site office and maintenance depot costs continue to be budgeted as an identifiable utilities expenditure in the Solid Waste Disposal Fund.

## **Other Agencies**

Utilities for MCPS, Montgomery College, (bi-county) WSSC, and M-NCPPC are displayed in the charts on the following pages. These are the amounts requested in the budgets of those agencies.

## **PROGRAM CONTACTS**

Contact Bryan Hunt of the Office of Management and Budget at 240.777.2770 for more information regarding this department's operating budget.

## **PROGRAM DESCRIPTIONS**

### ***Utilities (for All General Fund Departments)***

The Utilities non-departmental account provides the General Fund operating expense appropriation for the Department of Public Works and Transportation, Division of Operations. The utilities expenditures for other non-tax supported operations and other agencies are appropriated within their respective department or agency.

### ***FY08 Recommended Changes***

	<b>Expenditures</b>	<b>WYs</b>
<b>FY07 Approved</b>	<b>23,640,870</b>	<b>0.0</b>
<b>FY08 CE Recommended</b>	<b>24,410,750</b>	<b>0.0</b>

## BUDGET SUMMARY

	Actual FY06	Budget FY07	Estimated FY07	Recommended FY08	% Chg Bud/Rec
<b>COUNTY GENERAL FUND</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
<b>County General Fund Personnel Costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>—</b>
Operating Expenses	18,453,014	23,640,870	23,342,880	24,410,750	3.3%
Capital Outlay	0	0	0	0	—
<b>County General Fund Expenditures</b>	<b>18,453,014</b>	<b>23,640,870</b>	<b>23,342,880</b>	<b>24,410,750</b>	<b>3.3%</b>
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—

## FY08 RECOMMENDED CHANGES

	Expenditures	WYs
<b>COUNTY GENERAL FUND</b>		
<b>FY07 ORIGINAL APPROPRIATION</b>	<b>23,640,870</b>	<b>0.0</b>
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: Utility unit costs per ICEUM guidelines	264,860	0.0
Increase Cost: CIP and PSP related utilities	257,880	0.0
Increase Cost: Renewable energy cost premium	146,470	0.0
Increase Cost: CIP project related utilities	129,000	0.0
Decrease Cost: Solid Waste System Benefit Charge	-28,330	0.0
<b>FY08 RECOMMENDED:</b>	<b>24,410,750</b>	<b>0.0</b>

## FUTURE FISCAL IMPACTS

Title	CE REC. FY08	FY09	FY10	((\$000's) FY11	FY12	FY13
This table is intended to present significant future fiscal impacts of the department's programs.						
<b>COUNTY GENERAL FUND</b>						
<b>Expenditures</b>						
<b>FY08 Recommended</b>	<b>24,411</b>	<b>24,411</b>	<b>24,411</b>	<b>24,411</b>	<b>24,411</b>	<b>24,411</b>
No inflation or compensation change is included in outyear projections.						
<b>Subtotal Expenditures</b>	<b>24,411</b>	<b>24,411</b>	<b>24,411</b>	<b>24,411</b>	<b>24,411</b>	<b>24,411</b>

# COUNTY UTILITIES EXPENDITURES

## EXPENDITURES BY DEPARTMENT/AGENCY

	ACTUAL FY05	ACTUAL FY06	BUDGET FY07	RECOMMENDED FY08	CHANGE BUD/APPR	% CHANGE REC/APPR
<b>COUNTY GOVERNMENT TAX SUPPORTED OPERATIONS</b>						
<b>NON-DEPARTMENTAL ACCOUNT</b>						
DPWT: Operations (Facilities)	10,550,492	11,129,242	15,640,870	15,003,300	(637,570)	-4.1%
DPWT: Operations (Traffic Signals and Streetlighting)	7,117,489	7,323,772	8,000,000	9,407,450	1,407,450	17.6%
<b>GENERAL FUND NDA EXPENDITURES</b>	<b>17,667,981</b>	<b>18,453,014</b>	<b>23,640,870</b>	<b>24,410,750</b>	<b>769,880</b>	<b>3.3%</b>
<b>OTHER TAX SUPPORTED OPERATIONS</b>						
DPWT: Transit Services	55,109	63,591	64,000	66,000	2,000	3.1%
Recreation	1,773,746	2,312,059	2,141,920	2,141,920	0	0.0%
Urban Districts Funds	8,730	2,700	3,050	0	(3,050)	-100.0%
<b>SUBTOTAL</b>	<b>1,837,585</b>	<b>2,378,350</b>	<b>2,208,970</b>	<b>2,207,920</b>	<b>(1,050)</b>	<b>0.0%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>19,505,566</b>	<b>20,831,364</b>	<b>25,849,840</b>	<b>26,618,670</b>	<b>768,830</b>	<b>3.0%</b>
<b>COUNTY GOVERNMENT NON-TAX SUPPORTED OPERATIONS</b>						
DPWT: Fleet Management Services	659,378	680,980	999,460	1,047,460	48,000	4.8%
DPWT: Parking Districts	1,839,210	2,118,170	2,531,040	2,536,580	5,540	0.2%
Liquor Control	587,879	661,707	884,160	884,160	0	0.0%
Solid Waste Services	95,294	150,030	202,500	204,390	1,890	0.9%
<b>TOTAL NON-TAX SUPPORTED</b>	<b>3,181,761</b>	<b>3,610,887</b>	<b>4,617,160</b>	<b>4,672,590</b>	<b>55,430</b>	<b>1.2%</b>
<b>SUMMARY - COUNTY GOVERNMENT</b>						
<b>TOTAL TAX SUPPORTED</b>	<b>19,505,566</b>	<b>20,831,364</b>	<b>25,849,840</b>	<b>26,618,670</b>	<b>768,830</b>	<b>3.0%</b>
<b>TOTAL NON-TAX SUPPORTED</b>	<b>3,181,761</b>	<b>3,610,887</b>	<b>4,617,160</b>	<b>4,672,590</b>	<b>55,430</b>	<b>1.2%</b>
<b>TOTAL COUNTY GOVERNMENT</b>	<b>22,687,327</b>	<b>24,442,251</b>	<b>30,467,000</b>	<b>31,291,260</b>	<b>824,260</b>	<b>2.7%</b>
<b>OTHER AGENCIES TAX AND NON-TAX SUPPORTED OPERATIONS</b>						
Montgomery County Public Schools	29,072,100	33,436,257	38,007,590	41,755,470	3,747,880	9.9%
Montgomery College	3,406,414	4,182,368	5,710,680	5,937,130	226,450	4.0%
Washington Suburban Sanitary Commission	15,723,000	20,489,000	20,883,000	20,871,000	(12,000)	-0.1%
M-NCPPC	2,859,200	3,251,819	3,531,000	3,587,950	56,950	1.6%
<b>TOTAL OTHER AGENCIES EXPENDITURES</b>	<b>51,060,714</b>	<b>61,359,444</b>	<b>68,132,270</b>	<b>72,151,550</b>	<b>4,019,280</b>	<b>5.9%</b>
<b>TOTAL UTILITIES EXPENDITURES</b>	<b>73,748,041</b>	<b>85,801,695</b>	<b>98,599,270</b>	<b>103,442,810</b>	<b>4,843,540</b>	<b>4.9%</b>

# **COUNTY UTILITIES EXPENDITURES**

## **EXPENDITURES BY ENERGY SOURCE**

	<b>ACTUAL FY05</b>	<b>ACTUAL FY06</b>	<b>BUDGET FY07</b>	<b>RECOMMENDED FY08</b>	<b>CHANGE BUDGET/REC</b>	<b>% CHANGE BUDGET/REC</b>
<b>COUNTY GOVERNMENT TAX SUPPORTED OPERATIONS</b>						
<b>NON-DEPARTMENTAL ACCOUNT</b>						
Electricity	15,119,166	15,017,041	19,889,260	21,075,290	1,186,030	6.0%
Water & Sewer	739,117	864,991	945,110	1,005,960	60,850	6.4%
Fuel Oil	206,819	150,205	300,000	155,000	(145,000)	-48.3%
Natural Gas	1,595,452	2,419,925	2,506,500	2,174,500	(332,000)	-13.2%
Propane	7,427	852	0	0	0	
<b>GENERAL FUND NDA EXPENDITURES</b>	<b>17,667,981</b>	<b>18,453,014</b>	<b>23,640,870</b>	<b>24,410,750</b>	<b>769,880</b>	<b>3.3%</b>
<b>OTHER TAX SUPPORTED OPERATIONS</b>						
Electricity	1,083,219	1,350,483	1,505,440	1,498,290	(7,150)	-0.5%
Water & Sewer	214,703	229,218	324,490	322,990	(1,500)	-0.5%
Fuel Oil	0	0	19,930	19,930	0	0.0%
Natural Gas	539,663	798,649	359,110	366,710	7,600	2.1%
Propane	0	0	0	0	0	
<b>SUBTOTAL</b>	<b>1,837,585</b>	<b>2,378,350</b>	<b>2,208,970</b>	<b>2,207,920</b>	<b>(1,050)</b>	<b>0.0%</b>
<b>TOTAL TAX SUPPORTED</b>	<b>19,505,566</b>	<b>20,831,364</b>	<b>25,849,840</b>	<b>26,618,670</b>	<b>768,830</b>	<b>3.0%</b>
<b>NON-TAX SUPPORTED OPERATIONS</b>						
Electricity	2,615,000	3,045,984	3,962,890	4,016,430	53,540	1.4%
Water & Sewer	205,978	124,399	226,210	226,210	0	0.0%
Fuel Oil	0	0	0	0	0	
Natural Gas	360,783	440,504	427,020	428,910	1,890	0.4%
Propane	0	0	1,040	1,040	0	0.0%
<b>TOTAL NON-TAX SUPPORTED</b>	<b>3,181,761</b>	<b>3,610,887</b>	<b>4,617,160</b>	<b>4,672,590</b>	<b>55,430</b>	<b>1.2%</b>
<b>SUMMARY - COUNTY GOVERNMENT</b>						
Electricity	18,817,385	19,413,508	25,357,590	26,590,010	1,232,420	4.9%
Water & Sewer	1,159,798	1,218,608	1,495,810	1,555,160	59,350	4.0%
Fuel Oil	206,819	150,205	319,930	174,930	(145,000)	-45.3%
Natural Gas	2,495,898	3,659,078	3,292,630	2,970,120	(322,510)	-9.8%
Propane	7,427	852	1,040	1,040	0	0.0%
<b>TOTAL COUNTY GOVERNMENT</b>	<b>22,687,327</b>	<b>24,442,251</b>	<b>30,467,000</b>	<b>31,291,260</b>	<b>824,260</b>	<b>2.7%</b>
<b>OUTSIDE AGENCIES TAX AND NON-TAX SUPPORTED OPERATIONS</b>						
Electricity	37,938,169	44,877,108	51,038,500	55,354,840	4,316,340	8.5%
Water & Sewer	2,449,349	2,747,201	2,648,750	3,005,540	356,790	13.5%
Fuel Oil	547,683	531,924	1,184,870	1,034,340	(150,530)	-12.7%
Natural Gas	9,947,062	12,965,881	13,041,200	12,536,120	(505,080)	-3.9%
Propane	178,451	237,330	218,950	220,710	1,760	0.8%
<b>SUBTOTAL</b>	<b>51,060,714</b>	<b>61,359,444</b>	<b>68,132,270</b>	<b>72,151,550</b>	<b>4,019,280</b>	<b>5.9%</b>
<b>TOTAL UTILITIES EXPENDITURES</b>						
Electricity	56,755,554	64,290,616	76,396,090	81,944,850	5,548,760	7.3%
Water & Sewer	3,609,147	3,965,809	4,144,560	4,560,700	416,140	10.0%
Fuel Oil	754,502	682,129	1,504,800	1,209,270	(295,530)	-19.6%
Natural Gas	12,442,960	16,624,959	16,333,830	15,506,240	(827,590)	-5.1%
Propane	185,878	238,182	219,990	221,750	1,760	0.8%
<b>TOTAL UTILITIES EXPENDITURES</b>	<b>73,748,041</b>	<b>85,801,695</b>	<b>98,599,270</b>	<b>103,442,810</b>	<b>4,843,540</b>	<b>4.9%</b>